

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

<b>(1) DEPARTMENT</b> Human Resources	<b>(2) MEETING DATE</b> 8/16/2016	<b>(3) CONTACT/PHONE</b> Tami Douglas-Schatz, Human Resources Director 805-781-5959	
<b>(4) SUBJECT</b> Request to renew the Labor Relations Services contract between Renne Sloan Holtzman Sakai LLP and the County of San Luis Obispo for FY 2016-17, and authorize the Human Resources Director to sign any contract extensions authorized in the contract. All Districts.			
<b>(5) RECOMMENDED ACTION</b> It is recommended that the Board approve a request to renew the Labor Relations Services contract between Renne Sloan Holtzman Sakai LLP and the County of San Luis Obispo for FY 2016-17, and authorize the Human Resources Director to sign any contract extensions authorized in the contract.			
<b>(6) FUNDING SOURCE(S)</b> Human Resources Department	<b>(7) CURRENT YEAR FINANCIAL IMPACT</b> \$290,000	<b>(8) ANNUAL FINANCIAL IMPACT</b> \$290,000	<b>(9) BUDGETED?</b> Yes
<b>(10) AGENDA PLACEMENT</b> <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
<b>(11) EXECUTED DOCUMENTS</b> <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
<b>(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)</b> N/A		<b>(13) BUDGET ADJUSTMENT REQUIRED?</b> BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
<b>(14) LOCATION MAP</b> N/A	<b>(15) BUSINESS IMPACT STATEMENT?</b> No	<b>(16) AGENDA ITEM HISTORY</b> <input checked="" type="checkbox"/> N/A    Date: _____	
<b>(17) ADMINISTRATIVE OFFICE REVIEW</b> Lisa M. Howe			
<b>(18) SUPERVISOR DISTRICT(S)</b> All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Tami Douglas-Schatz, Human Resources Director  
805-781-5959

DATE: 8/16/2016

SUBJECT: Request to renew the Labor Relations Services contract between Renne Sloan Holtzman Sakai LLP and the County of San Luis Obispo for FY 2016-17, and authorize the Human Resources Director to sign any contract extensions authorized in the contract. All Districts.

## **RECOMMENDATION**

It is recommended that the Board approve a request to renew the Labor Relations Services contract between Renne Sloan Holtzman Sakai LLP and the County of San Luis Obispo for FY 2016-17, and authorize the Human Resources Director to sign any contract extensions authorized in the contract.

## **DISCUSSION**

In late 2009, the Labor Relations function was transferred from the Administrative Department to the Human Resources Department (HR). At that time, the County determined it was prudent to adopt a program model wherein the role of Chief Negotiator, acting as the Chief Spokesperson at the bargaining table, is assigned to a third party vendor. After a thorough Request for Proposal (RFP), the County selected Renne Sloan Holtzman Sakai LLP (RSHS) to fulfill that role. The Board then approved the FY 2010-11 contract on April 27, 2010, and amendments on August 24, 2010 and March 15, 2011, with that firm. Per the terms of the agreement, the contract was thereafter extended annually upon signed mutual agreement between the County HR Director and RSHS.

The Labor Relations program is a collaborative program requiring intensive communication with labor committee participants, departments, County Administrative Office, County Counsel and the Board of Supervisors. In addition, wholesale changes have been made, and continue to be made to the contract negotiation and administration process, including the use of management teams at the bargaining table, the implementation of major compensation and pension initiatives, detailed review of contract articles, and standardization of contract language to ensure consistency and accuracy of current policies and practices. Given the unprecedented cultural, fiscal and practical changes required of the program, the County has relied heavily and purposefully upon the expertise, recommendations and work product of our third party vendor.

Approximately 45% of the total County budget (and approximately 60% of the General Fund budget) are made up of labor costs, and approximately 85% of the County's workforce is represented by recognized employee organizations with which the County must engage in collective bargaining regarding wages, hours and working conditions. Some of the most enduring financial decisions the Board will make are the result of the economic commitments agreed upon at the bargaining table. Consequently, it is of critical importance that the County's Labor Relations program is operating at maximum efficiency.

In 2009 and 2010 the Board identified three major initiatives for the Labor Relations program: second tier retirement plans, pension plan cost sharing, and a new wage survey market, including the elimination of contractual formulaic wage increases. In addition to those identified initiatives, changes to the opt out provisions of County-sponsored health coverage have been negotiated with all bargaining units, a third tier retirement plan was implemented in 2013 per California Public Employees' Pension Reform Act (PEPRA), and Factfinding per AB646 has become part of the

bargaining process, adding an additional layer to the impasse process. Since 2015, the County has gone to Factfinding twice with two employee associations, requiring a significant amount of time and resources from RSHS. Because Factfinding is an additional component to the impasse process, any future impasse declarations are likely to continue to involve Factfinding. This activity is expected to continue while the County navigates and implements changes associated with the Labor Relations program.

In addition to negotiating with each of the County's sixteen (16) represented bargaining units, the Labor Relations program vendor and staff have also been successful in navigating uncommon and challenging activities in addition to negotiations over the past 6 years. These activities have included employee organization recognition and decertification petitions, elections, challenges associated with the implementation of the County's Employee Relations Policy, unfair labor practice charges, and implementing major changes to the County's compensation structure through a County-wide compensation study.

Use of the third party vendor in the role of Chief Negotiator has been very successful and the basis for many of the accomplishments the County has experienced in meeting the Board's objectives. Maintaining these objectives as well as navigating and implementing new and changing labor laws<sup>1</sup> are all effort-intensive projects, requiring significant work of HR staff and RSHS.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

The Administrative Office concurs with this renewal of the contract between the County and RSHS and the continuation of the Labor Relations program's implementation. County Counsel has reviewed the contract for form and legal effect.

### **FINANCIAL CONSIDERATIONS**

Since the contract was originally approved by your Board on April 27, 2010, there have been no changes in the rates billed to the County by RSHS. At the time RSHS initiated its' relationship with the County, they offered a competitive new client rate and have not received an increase since that initial contract. The renewed contract between the County and RSHS restructures the rates to more accurately reflect how the Labor program operations have evolved and also demonstrates cost consciousness so as to not increase expenses to the budget. The total budget expenses have ranged from \$180,000 to \$290,000 per year over the course of the last 5 years depending on labor relations activity. The proposed contract provides a revised method for billing the County for travel time (from a half time travel rate to a maximum billing rate of 4 hours per trip) and an average 6% increase to the rates previously charged to the County. The specialty travel rate was removed from the contract in acknowledgement of the prep time that is conducted during our Partner's travel the day proceeding negotiations. The recommended rates are consistent with those RSHS is charging to other public agencies. A comparison of the hourly rates previously charged to the new hourly rates is shown below:

#### **Previous Hourly Rates:**

##### **Attorneys**

Sloan	\$300
Wong	\$280
Prescott	\$255

##### **Consultants**

Gregersen	\$195
Kenley	\$185
Samuels	\$185

#### **New Hourly Rates:**

Partners	\$325
Associates	\$245-265
Consultants	\$195-\$215

There are no anticipated increased costs to the budgeted amount associated with these revised rates. The County currently has \$290,000 budgeted for FY 2016-17 for the Labor Relations program. Due to the fluctuations in the costs of the Labor Relations program, there are also reserves from previous years' unused funds that are available for FY 2016-17 if necessary. The County also anticipates the impact of the rate increases outlined in the contract to be offset due to the County leveraging more frequent use of the various levels of RSHS staff. The most significant increase is to the Partner rate, however the County has been increasingly relying upon Associates and Consultants for Factfinding, presentations,

<sup>1</sup> I.e. the Affordable Care Act (ACA), changes to minimum wage, legal challenges regarding overtime calculations, or any legislation affecting wages, hours, or working conditions.

and unfair labor practice issues. Although the number of contract negotiation sessions and Factfindings have caused costs to increase over time, the number of preparation hours and travel time charged by RSHS has been reducing as the Principal Analyst overseeing the Labor program assumes more duties and County staff becomes more experienced. The County has focused on limiting the retention of our Partner for negotiation sessions and complex labor strategy discussions exclusively.

Based upon the ongoing workload, task requirements, and the skill and expertise provided by RSHS, we feel that this contract renewal is reasonable, appropriate, and essential in that the County's ongoing relationship with RSHS is a key element to maintain success and continuity in the County's labor relations program.

## **RESULTS**

Approval of this item will allow the County to continue to retain the ongoing services of RSHS to provide specialized services in the area of labor relations and labor law and to assist the County in creating and maintaining an efficient, professional, modernized and cost-effective Labor Relations program. As stated in the Discussion, the services of RSHS have helped the County meet the Board's objectives, navigating uncommon and challenging activities, and changing labor laws. Approval of this item will allow the County to utilize expert labor relations practitioners as lead negotiators in ongoing and upcoming contract negotiations and support the County-wide goal of a well governed community.

## **ATTACHMENTS**

1. RSHS Contract